

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2053 - SB 2019

February 24, 2020

SUMMARY OF ORIGINAL BILL: Requires the Secretary of State (SOS) to post certain fees on their website.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (014882): Deletes all language after the enacting clause. Requires Treasury to return certain unclaimed property to telephone cooperatives, if requested by the telephone cooperative.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Revenue – \$46,500/FY21-22 and Subsequent Years/General Fund

Increase State Revenue – Exceeds \$700/FY21-22 and Subsequent Years/Treasury

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 66-29-146 and § 66-29-148:
 - The Treasurer deposits all funds received under the *Uniform Unclaimed Property Act* into the state general fund; and
 - Prior to deposit, the Treasurer is authorized to deduct administrative costs.
- The proposed language requires Treasury to determine annually, by June 30, the amount of applicable funds available based on the report of total funds received under the *Uniform Unclaimed Property Act* ending December 31 the year prior. The first applicable determination will be made June 30, 2021. After such determination is made:
 - Treasury is required, if requested by a telephone cooperative, to remit funds originally remitted by or on behalf of the telephone cooperative which have been

- unclaimed for a minimum of 18 months, if the aggregate unclaimed balance exceeds \$100; and
 - Treasury is authorized to assess an administrative fee on any unclaimed property balance prior to remitting to the requesting telephone cooperative.
- According to Treasury:
 - In the last five years, a total of \$232,667 in unclaimed property has been remitted by telephone cooperatives;
 - Treasury would assess an administrative fee prior to remittance to a requesting telephone cooperative;
 - The fee changes each year and has ranged from \$6.72 to \$13.53 per property with a value over \$50; and
 - Such fee is calculated based on the number of properties remitted back to the telephone cooperative valued at over \$50.
- This analysis assumes:
 - Each year there will be an average of \$46,533 ($\$232,667 / 5$) available to be remitted to telephone cooperatives. This number is estimated to remain constant into perpetuity;
 - Remittance of the funds to the telephone cooperatives will result in a decrease in state revenue from the General Fund;
 - Treasury will assess and maintain an administrative fee of at least \$6.72 per property over \$50 remitted to telephone cooperatives; and
 - There will be at least 100 properties included in the total number of properties remitted which have a value greater than \$50.
- The proposed language will result in a recurring decrease in state revenue to the General Fund of \$46,533 for payments remitted to telephone cooperatives.
- The proposed language will result in a recurring increase in state revenue for Treasury estimated to exceed \$672 (100 properties assessed a fee x \$6.72 fee).

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Telephone cooperatives are non-profit corporations, pursuant to Tenn. Code Ann. § Title 65, Chapter 29.
- Telephone cooperatives will receive funds, less the administrative fee charged by Treasury, but will be responsible for full payment to claimants when claiming their funds.
- The proposed language will not result in any significant impact to jobs or commerce in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jrh